

Message Text

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ACTION EB-11

INFO OCT-01 EA-11 ISO-00 AEC-11 AID-20 CEA-02 CIAE-00

CIEP-02 COME-00 DODE-00 FEAE-00 FPC-01 H-03 INR-11

INT-08 L-03 NSAE-00 NSC-07 OMB-01 PM-07 RSC-01 SAM-01

SCI-06 SP-03 SS-20 STR-08 TRSE-00 FRB-03 PA-04 PRS-01

USIA-15 DRC-01 /162 W

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R 180915Z JUL 74

FM AMEMBASSY KUALA LUMPUR

TO SECSTATE WASHDC 7530

INFO AMEMBASSY BANGKOK

AMEMBASSY JAKARTA

AMEMBASSY SINGAPORE

UNCLAS KUALA LUMPUR 3449

E.O. 11652: N/A

TAGS: ENRG MY

SUBJECT: BILL INTRODUCED ESTABLISHING NATIONAL PETROLEUM
CO. (PETRONAS)

REF: KUALA LUMPUR 3318

A. SUMMARY. BILL TABLED IN PARLIAMENT 17 JULY ESTABLISH-
ING NATIONAL PETROLEUM CORPORATION (PETRONAS) UNDER DI-
RECT CONTROL OF PRIME MINISTER WITH EXCLUSIVE RIGHTS
FOR PETROLEUM EXPLORATION AND EXPLOITATION AND CONTROL
OF DOWNSTREAM ACTIVITIES AND DEVELOPMENTNTETROLEUM
PRODUCTS. OWNERSHIP OF ALL OIL DEPOSITS VESTED IN
CORPORATION. IN RETURN FOR OWNERSHIP AND RIGHTS PETRONAS
REQUIRED MAKE CASH PAYMENTS GOM AND RELEVANT STATES AS
MAY BE AGREED BETWEEN PARTIES CONCERNED. PETRONAS HAS
EXCLUSIVE RIGHTS ON PROCESSING OR REFINING OF PETROLEUM
OR MANUFACTURING OF PETRO-CHEMICAL PRODUCTS UNLESS
PERMISSION GRANTED BY PRIME MINISTER. ANY BUSINESS
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CURRENTLY ENGAGED THESE ACTIVITIES MAY CONTINUE DO SO

BUT MUST APPLY WITHIN SIX MONTHS FROM DATE OF ACT TO
THE PRIME MINISTER FOR HIS PERMISSION. END SUMMARY

B. BILL IN ITS ENTIRETY FOLLOWS; PRINTED COPIES WILL
BE POUCHED;

C. AN ACT TO PROVIDE FOR EXPLORATION AND EX-
PLOITATION OF PETROLEUM WHETHER ONSHORE OR OFFSHORE BY
A CORPORATION IN WHICH WILL BE VESTED THE ENTIRE OWNER-
SHIP IN AND THE EXCLUSIVE RIGHTS, POWERS, LIBERTIES
AND PRIVILEGES IN RESPECT OF THE SAID PETROLEUM, AND
TO CONTROL THE CARRYING ON OF DOWNSTREAM ACTIVITIES
AND DEVELOPMENT RELATING TO PETROLEUM AND ITS PRODUCTS.
BE IT ENACTED BY THE DULI YANG MAHA MULIA SERI PADUKA
BAGINDA YANG DI-PERTUAN AGONG WITH THE ADVICE AND
CONSENT OF THE DEWAN NEGARA AND DEWAN RAKYAT IN
PARLIAMENT ASSEMBLED, AND BY THE AUTHORITY OF THE
SAME, AS FOLLOWS:

1. THIS ACT MAY BE CITED AS THE PETROLEUM DEVELOPMENT
ACT, 1974, AND SHALL COME INTO FORCE ON SUCH DATE AS
THE PRIME MINISTER MAY NOTIFY IN THE GAZETTE.

2. (1) THE ENTIRE OWNERSHIP IN, AND THE EXCLUSIVE
RIGHTS, POWERS, LIBERTIES AND PRIVILEGES OF EXPLORING,
EXPLOITING, WINNING AND OBTAINING PETROLEUM WHETHER
ONSHORE OR OFFSHORE OF MALAYSIA SHALL BE VESTED IN A
CORPORATION TO BE INCORPORATED UNDER THE COMPANIES ACT,
1965, OR UNDER THE LAW RELATING TO INCORPORATION OF
COMPANIES.

(2) THE VESTING OF THE OWNERSHIP, RIGHTS, POWERS,
LIBERTIES AND PRIVILEGES REFERRED TO IN SUBSECTION (1)
SHALL TAKE EFFECT ON THE EXECUTION OF AN INSTRUMENT
IN THE FORM CONTAINED IN THE SCHEDULE TO THIS ACT.

(3) THE OWNERSHIP AND THE EXCLUSIVE RIGHTS, POWERS,
LIBERTIES AND PRIVILEGES SO VESTED SHALL BE IRREVOCABLE
AND SHALL ENURE FOR THE BENEFIT OF THE CORPORATION AND
ITS SUCCESSOR.

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3. (1) NOTWITHSTANDING THE PROVISIONS OF SECTION 22 OF
THE COMPANIES ACT, 1965, RELATING TO THE NAMES OF COMPANIES,
THE CORPORATION SHALL BE STYLED AS THE PETROLEUM NASIONAL
BERHAD OR IN SHORT FORM PETRONAS.

(2) THE CORPORATION SHALL BE SUBJECT TO THE CONTROL
AND DIRECTION OF THE PRIME MINISTER WHO MAY FROM TIME

TO TIME ISSUE SUCH DIRECTION AS HE MAY DEEM FIT.

(3) NOTWITHSTANDING THE PROVISIONS OF THE COMPANIES ACT, 1965, OR ANY OTHER WRITTEN LAW TO THE CONTRARY, THE DIRECTION SO ISSUED SHALL BE BINDING ON THE CORPORATION.

4. IN RETURN FOR THE OWNERSHIP AND THE RIGHTS, POWERS, LIBERTIES AND PRIVILEGES VESTED IN IT BY VIRTUE OF THIS ACT, THE CORPORATION SHALL MAKE TO THE GOVERNMENT OF THE FEDERATION AND THE GOVERNMENT OF ANY RELEVANT STATE SUCH CASH PAYMENT AS MAY BE AGREED BETWEEN THE PARTIES CONCERNED.

5. (1) THERE SHALL BE ESTABLISHED A COUNCIL TO BE KNOWN AS THE NATIONAL PETROLEUM ADVISORY COUNCIL CONSISTING OF SUCH PERSONS INCLUDING THOSE FROM THE RELEVANT STATES AS THE PRIME MINISTER MAY APPOINT.

(2) IT SHALL BE THE DUTY OF THE NATIONAL PETROLEUM ADVISORY COUNCIL TO ADVISE THE PRIME MINISTER ON THE AFFAIRS OF THE CORPORATION IN THE LIGHT OF THE NATIONAL POLICY AND INTEREST; AND FOR THIS PURPOSE, THE COUNCIL IS ENTITLED ON REQUEST TO FULL INFORMATION TO BE SUPPLIED TO IT BY THE CORPORATION.

6. (1) NOTWITHSTANDING THE PROVISIONS OF ANY OTHER WRITTEN LAW, NO BUSINESS OF PROCESSING OR REFINING OF PETROLEUM OR MANUFACTURING OF PETRO-CHEMICAL PRODUCTS FROM PETROLEUM, MAY BE CARRIED OUT BY ANY PERSON OR BODY OF PERSONS OR COMPANY OTHER THAN PETRONAS UNLESS THERE IS IN RESPECT OF ANY SUCH BUSINESS A PERMISSION GIVEN BY THE PRIME MINISTER.

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(2) ANY PERSON, BODY OR PERSONS OR COMPANY WHO ON THE COMMENCEMENT OF THIS ACT IS CARRYING ON ANY BUSINESS REFERRED TO IN SUBSECTION (1) MAY CONTINUE TO DO SO BUT SHALL, NOT LATER THAN SIX MONTHS FROM THE DATE OF THE COMMENCEMENT OF THIS ACT, APPLY IN WRITING TO THE PRIME MINISTER FOR HIS PERMISSION REFERRED TO IN SUBSECTION (1).

7. THE PRIME MINISTER MAY MAKE REGULATIONS FOR THE PURPOSE OF CARRYING INTO EFFECT THE PROVISIONS OF THIS ACT.

8. THE PETROLEUM MINING ACT, 1966, SHALL NOT APPLY TO THE CORPORATION.

9. ANY EXPLORATION LICENSES ISSUED AND ANY PETROLEUM

AGREEMENTS ENTERED INTO PURSUANT TO THE PETROLEUM MINING ACT, 1966, AND ANY MINING LEASES ISSUED UNDER ANY WRITTEN LAW IN FORCE RELATING TO PETROLEUM SHALL CONTINUE TO BE IN FORCE FOR A PERIOD OF SIX MONTHS FROM THE DATE OF THE COMING INTO FORCE OF THIS ACT OR FOR SUCH EXTENDED PERIOD AS THE PRIME MINISTER MAY ALLOW.

10. FOR THE PURPOSE OF THIS ACT, THE EXPRESSION "PETROLEUM" MEANS ANY MINERAL OIL OR RELATIVE HYDROCARBON AND NATURAL GAS EXISTING IN ITS NATURAL CONDITION AND CASINGHEAD PETROLEUM SPIRIT INCLUDING BITUMINOUS SHALES AND OTHER STRATIFIED DEPOSITS FROM WHICH OIL CAN BE EXTRACTED.
UNDERHILL

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